

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1379 – SB 1325

April 26, 2012

**SUMMARY OF AMENDMENTS (017504, 017411):** Deletes all language after the enacting clause. Requires state governmental entities and local health departments to verify the eligibility of each applicant for public benefits who is 18 years of age or older. Effective upon each entity's or local health department's next scheduled reprinting or electronic update, requires each agency or political subdivision to include on all forms, a written statement that the applicant acknowledges eligibility as a United States citizen or qualified alien and a statement describing the penalties for a violation. Requires the entity or local health department to make a reasonable effort to ascertain verification of citizenship. Authorizes verification of a social security number through the Social Security Administration to qualify as reasonable effort. Requires qualified aliens to present two forms of identification. Requires an entity or local health department to verify the eligibility of a qualified alien applicant using the systematic alien verification for entitlements (SAVE) program if the applicant can only produce one form of identification. Requires an entity or local health department to maintain a copy of all documentation in accordance with that agency's rules and regulations. Exempts any required verification in SAVE for prenatal care or the Special Supplemental Food Program for Women, Infants, and Children (WIC). Prohibits an entity or local health department from denying or delaying benefits solely based on awaiting verification. A violation of this bill as amended is punishable under the Tennessee Medicaid False Claims Act or the False Claims Act. Requires each agency and political subdivision to submit a report by June 30 of each year to the General Assembly to report the agency's compliance with this bill as amended. Prohibits this bill as amended from limiting the current practices of agencies for verifying eligibility. For purposes of promulgating rules and regulations, this bill as amended is effective upon becoming law; otherwise the effective date is October 1, 2012. Amendment 017411 requires the state to defray costs of political subdivisions for verifying each applicant's eligibility.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures –

\$425,100/One-Time/General Fund  
\$3,600/One-Time/Environmental Protection Fund  
\$5,769,600/Recurring/General Fund  
\$57,100/Recurring/Environmental Protection Fund

Other Fiscal Impact – There will be a decrease in state expenditures resulting from unauthorized aliens no longer receiving certain benefits. A portion of the decrease in state expenditures on unauthorized aliens will be offset by an increase in state expenditures on citizens and qualified aliens. Based on available information, the precise amount of the decrease in state expenditures on unauthorized aliens and the

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increase in expenditures on citizens and qualified aliens cannot be reasonably determined.

## **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:**

**Increase State Expenditures – \$9,100/One-Time/General Fund**  
**Exceeds \$106,700/Recurring/General Fund**  
**\$300/Recurring/Environmental Protection Fund**

**Other Fiscal Impact –There will be a decrease in state expenditures resulting from unauthorized aliens no longer receiving certain benefits. This decrease in state expenditures will be offset by an increase in state expenditures on citizens and qualified aliens. Based on available information, the net fiscal impact of these factors cannot be reasonably determined.**

Assumptions applied to amendments:

- Requiring applicants to provide one form of identification will not result in significant expenditures.
- In order for a person to violate the False Claims Act by filing a fraudulent claim, the individual would be an unauthorized alien claiming to have qualified presence. Revenue from civil penalties assessed on this group will be not significant.
- According to the U.S. Department of Homeland Security, access to the SAVE program requires a \$0.50 fee for each verification and a minimum monthly charge of \$25. Paper verifications are \$2.00 per inquiry.
- According to the United States Census Bureau, participation rates of native-born mothers and foreign-born mothers are not significantly different for the Special Supplemental Food Program for Women, Infants, and Children (WIC).
- According to the Census Bureau, 4.2 percent of Tennessee's population is foreign-born; of these, 65 percent are qualified aliens and 35 percent are U.S. citizens. Approximately 2.73 percent are classified as qualified aliens (4.2% x 65.0%).
- Based on PEW Research Center data, an additional 140,000 undocumented aliens are estimated to reside in Tennessee. This is equal to approximately 2.2 percent of the state's population.
- According to the Department of Health (DOH), there are approximately 247,000 applicants for benefits annually over age 18.
- Approximately 41,000 applicants for WIC will be exempt from the verification requirements.
- Based on information from the Comptroller of the Treasury's report, Mothers and Babies: The Health of Tennessee's Future, information the state Department of Health, local health departments, and Census Bureau data, the number of applicants for prenatal care is reasonably estimated to be approximately 20,000 per year.

- Many of these applicants will qualify for other benefits which are not classified as WIC or prenatal care. Exempting prenatal care is estimated to decrease the number of applicants by approximately 5,000 that this bill as amended will apply to.
- Approximately 201,000 (247,000 – 41,000 – 5,000) applicants will be subject to the requirements of this bill as amended.
- Approximately 9,909 (201,000 x 4.93%) of applicants are qualified aliens or undocumented aliens.
- The Department of Health will require two forms of identification from at least 9,909 applicants to prove eligibility.
- Fifty percent of these applicants will be able to provide the required documentation.
- The remaining 50 percent (or 4,954) will require additional verification steps using SAVE. A recurring increase in state expenditures for DOH access to SAVE exceeding \$3,000.
- DOH will require two additional positions to handle an increased workload associated with additional verification of approximately 9,170 applicants, including verifications using SAVE.
- A recurring increase in state expenditures of \$66,800 (\$45,800 salaries + \$10,200 benefits + \$10,800 operational) for one part-time Administrative Services Assistant and one full-time Administrative Services Assistant 3.
- A one-time increase in state expenditures of \$9,100 for computers and office supplies.
- DOH will continue certain treatments including vaccinations and treatment of communicable diseases that pose a threat to the general population of the state regardless of alien status.
- Six local government health offices operate independently from the state and will be required to verify the status of applicants.
- Based on United States Census Bureau data, approximately 123,200 individuals receive such benefits from the local government health offices.
- A recurring increase in local government expenditures exceeding \$2,000 for access to SAVE verifications. These costs will be defrayed by the state leading to an increase in recurring state expenditures and a not significant impact on local government.
- Local governments will require staff to work additional hours or hire additional part-time staff to assist with verification of those receiving benefits. A recurring increase in local government expenditures for personnel and operations exceeding \$29,000. These costs will be defrayed by the state leading to an increase in recurring state expenditures and a not significant impact on local government.
- According to the Bureau of TennCare, benefits eligibility verification must comply with federal law; as a result, there will be no impact on the Bureau of TennCare.
- According to the Department of Intellectual and Developmental Disabilities (DIDD), federal law requires citizens to receive the benefits administered by the Department. The additional requirements for verification can be handled within existing resources. Minimum access to SAVE by DIDD will increase recurring state expenditures by \$300 per year.
- According to the Department of Mental Health (DMH), there are approximately 1,700 facilities statewide that provide some form of assistance. According to the Department,

there were 13,770 admissions including 8,249 unduplicated individual adults admitted to five Regional Mental Health Institutes (RMHI) in 2010.

- RMHIs will provide emergency medical services to individuals prior to verification of eligibility. Any decrease in state expenditures from no longer treating an unauthorized alien after the 72-hour emergency period will be not significant.
- Minimum access to SAVE by DMH and verification of qualified aliens will increase recurring state expenditures by \$300 per year.
- According to the Department of Human Services (DHS), all federal programs administered by the Department have citizenship requirements. The level of verification of citizenship is determined by the federal government as a condition of receiving federal funding for most programs; there will be no impact on those programs.
- According to DHS, the Food Stamp program, Child and Adult Care Food Program, and the Summer Food Service Program will be exempted from the requirements of this bill as amended.
- DHS contracts with local governments to operate the Low Income Home Energy Assistance Program, the Weatherization Program, the Community Services Block Grant Program, and Social Services Block Grant Homemaker Program. Access to SAVE and costs to verify applicants will increase recurring state expenditures by an amount up to \$5,000 per year. Any funds which have been utilized for providing services to unauthorized aliens will be used for assistance of individuals who have been wait-listed for benefits.
- The Department of Environment and Conservation (TDEC) estimates 360 qualified alien applicants each year. Minimum access to SAVE by TDEC will result in a recurring increase in state expenditures of \$300 from the Environmental Protection Fund.
- The Department of Commerce and Insurance (TDCI) estimates 2,650 qualified alien applicants each year. Minimum access to SAVE by TDCI and costs for verifications will increase recurring state expenditures by \$300.
- According to the Department of Labor and Workforce Development, the Department already routinely performs verifications through the SAVE program. No decrease in state expenditures associated with unauthorized aliens no longer receiving benefits and no significant increase in expenditures for access to SAVE.
- Expenditures for agencies to add additional statements to applications and forms at the next scheduled reprinting following the effective date of this bill as amended will be not significant.
- Expenditures for agencies to add statements to electronic forms or phone systems at the next scheduled update will be not significant.
- Agencies will store records in accordance with current rules and regulations; therefore, any increase in expenditures for storage will be not significant.
- A total increase in one-time state expenditures of \$9,100.
- A total recurring increase in state expenditures from the General Fund of \$106,700 (\$66,800 + \$31,000 + \$3,000 + \$5,000 + \$300 + \$300 + \$300).
- The new requirements will act as a deterrent for unqualified individuals applying for benefits. There will be a decrease in state expenditures resulting from unauthorized aliens over age 18 no longer receiving certain benefits. A portion of the decrease in state expenditures on unauthorized aliens will be offset by an increase in state expenditures on citizens and qualified aliens. Based on available information, the precise amount of the

decrease in state expenditures on unauthorized aliens and the increase in expenditures on citizens and qualified aliens cannot be reasonably determined.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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